

EXHIBIT 3

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Resignations follow revelations of FBI investigation into Denver CEO Brian Watson, lawsuit says

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Commercial real estate investor Brian Watson is the 2018 Republican candidate for Colorado treasurer. (Photo provided by Brian Watson)

By **SHELLY BRADBURY** | sbradbury@denverpost.com | The Denver Post
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Resignations follow revelations of FBI investigation into Denver CEO Brian Watson, lawsuit says

Several top managers at Northstar Commercial Partners left the company earlier this month after CEO Brian Watson said he was under investigation by the FBI, according to an April 9 filing in a lawsuit against the real estate company.

The resignations of Northstar's chief operating officer, chief financial officer and a senior accountant all came after Watson wrote in a widely disseminated email on April 2 that the FBI served a search warrant at his home and seized his cell phone and computer as part of a fraud investigation, according to the amended complaint.

Two of the managers who appear to have recently left the company did not return requests for comment Thursday and a third said his decision to leave was made before the FBI's visit to Watson's home.

The lawsuit, originally filed in March by Balfour Ann Arbor, alleges that Northstar breached its contract by failing to appropriately manage the 50-50 partnership between the two companies as they developed a senior living community in Ann Arbor, Michigan. Balfour is headquartered in Louisville. The lawsuit alleges Watson did not attend key meetings and failed to recognize or deal with budget shortfalls that left the senior living facility unable to pay staff and suppliers.



Commercial real estate investor Brian Watson was the 2018 Republican candidate for Colorado treasurer. (Photo provided by Brian Watson)

Both Watson and the lawsuit claim the FBI is investigating a \$3 million wire transfer made earlier this year by Northstar. The money was supposed to go to a construction contractor on the Ann Arbor senior living project.

Watson wrote in the April 2 email that the construction contractor sent Northstar incorrect wire transfer instructions — apparently, he said, after being hacked — and that Northstar subsequently followed those directions and sent the money to the apparent hackers, not to the construction company.

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Watson, who declined to comment for this story, wrote in the email that he contacted the FBI for help earlier this year and that he believes the agency recovered the \$3 million but had not returned it to Northstar.

“We have been pleading with them to return the money to us so we could pay [the contractor],” Watson wrote in the email. The FBI has declined to comment.

The lawsuit alleges that the mistaken wire transfer constitutes gross negligence by Northstar. An attorney for Balfour did not return a request for comment Thursday.

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“If that is true, then the ‘hacking’ was possible because Defendants inexcusably failed to follow the basic practice of verbally confirming the Wire’s transmission and receipt to a different recipient bank than [the contractor] had historically used,” the lawsuit says.

Watson’s attorney, Stan Garnett, did not return a request for comment Thursday but previously told the Denver Post that Watson denies any wrongdoing.

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Although the lawsuit implies the managers who left recently did so because of the FBI investigation, at least one, David Gomez, who was a senior accountant, said Thursday his decision to resign was made in late March, before the FBI visited Watson's home. Gomez did not officially leave the company until April 9.

He said as the accountant on the Ann Arbor senior living project, he believes any allegations of fraud or misappropriation of funds on that project are false.

"They will never find anything there," he said. "I kept the books and records and the funds that were ever deposited or sent to us, we used the funds for what the purpose of those funds were — to pay for development and operational costs."

Gomez, who left the company after a major client broke ties with Northstar, said Watson is a hardworking leader who treated employees well.

"He's the hardest working CEO I've worked for," Gomez said. "He's endured a lot in the past year or so, lost a couple people close to him, and it hurts to see him go through all of this, especially because we've had four years of successful investments together."

Watson, who has faced criticism for his business practices in the past, narrowly lost a bid for state treasurer in 2018.

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Shelly Bradbury | Breaking News Reporter

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Shelly Bradbury is a breaking news reporter who joined The Denver Post in November 2019. She previously worked as a crime reporter at the Pittsburgh Post-Gazette in Pennsylvania and the Chattanooga Times Free Press in Tennessee. She's been a reporter since 2012, focused on criminal justice, breaking news and enterprise. In Pittsburgh, she helped the newspaper earn the 2019 Pulitzer Prize for breaking news after a mass shooting at a local synagogue.

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